

# Scope 3 in focus



GREENHOUSE  
GAS PROTOCOL

What The Latest  
Greenhouse Gas  
Protocol Updates Could  
Mean For Your Business

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# The Greenhouse Gas Protocol (GHGP) is revising its corporate standards, including the Scope 3 Accounting and Reporting Standard

GHGP recently published a progress update from the Scope 3 Technical Working Group. Phase 1 focused on updates across:

Key phase 1 topics included:

- Data quality
- Boundary setting
- Category 1, 15, and new 16



# Data quality

## **Proposed:**

Emissions reporting broken down by data type (primary, activity, spend) with totals in CO2e and data quality goals to track improvements year on year



## **Implications:**

Set data quality goals such as percentage of Scope 3 from primary data and build into supplier engagement programs

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# Boundary Setting

## **Proposed:**

A prescriptive 95% inclusion threshold replaces existing materiality-based boundary approach

## **Implications:**

Companies would have to quantify 100% of emissions to determine exclusions remain below 5%

Aligns with CDP's existing approach and broadly with SBTi but drifts from IFRS S2 and ESRS E1 materiality approaches



# Scope 3, Category 1

Purchased goods and services

## **Proposed:**

Restricting corporate-level emission allocations to those that pass a “homogeneity test,” having relatively uniform emissions across operations

## **Implications:**

Raises the bar for Category 1 calculations and supplier data signaling greater need for Product Carbon Footprints (PCFs)



# Category 15

## Investments

### **Proposed:**

Confirmation of Category 15 applicability to all companies and required boundary to include Scope 1, 2, and 3 of investments



### **Implications:**

Prepare for Category 15 data collection now and align approach with PCAF methodology



NEW

# Category 16

## Facilitated Emissions

### Proposed:

New Category 16, facilitated emissions, to cover emissions generated by third-party activities from which the reporting company earns direct transactional income

### Implications:

Required reporting for oil and gas distributors under Category 16.5 for distribution of fuel and energy

Optional reporting in Category 16 of financial services such as insurance and underwriting reclassified from Category 15



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# Agendi supports organizations to **plan, prepare, and act** on proposed Scope 3 changes with confidence

## 1. Increase Data Quality

Develop data quality targets, source primary data, and develop supplier engagement programs

## 2. Perform Product Carbon Footprints

Conduct PCFs, navigate supplier requests, and leverage inventory methodology

## 3. Boundary Setting

Support hotspot analysis and alignment with other boundary setting in CDP, SBTi, IFRS S2